

Message Text

LIMITED OFFICIAL USE

PAGE 01 COLOMB 01667 210400Z

12

ACTION AID-31

INFO OCT-01 NEA-14 EB-11 IGA-02 DRC-01 RSC-01 (ISO) W

----- 055057

P R 201210Z JUN 74

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC PRIORITY 1148

INFO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE COLOMBO 1667

E.O. 11652 N/A

TAGS: EAID, CE

SUBJ: MOV NEGOTIATIONS: PROPOSED LETTER TO FINANCE MINISTER

NEW DELHI FOR O'DONNELL (AID)

REF: COLOMBO 1666

1. AS REPORTED REFTEL, AMBASSADOR INTENDS TO EXCHANGE LETTERS OF UNDERSTANDING ON MOV SETTLEMENT WITH DR. N.M. PERERA, MINISTER OF FINANCE, ON THURSDAY MORNING, JUNE 27, ASSUMING GSL AGREEMENT TO OUR PACKAGE BY THEM, FOLLOWING IS PROPOSED TEXT:

2. DEAR MR. MINISTER: YOU WILL RECALL THAT, IN OUR MEETING OF JANUARY 31, I RAISED THE DESIRABILITY OF REACHING AGREEMENT AS RAPIDLY AS POSSIBLE ON THE LONG-OUTSTANDING ISSUE OF THE MAINTENANCE OF VALUE OF THE ICA LOANS. YOU SUGGESTED THAT THE BEST PROCEDURE TO ACHIEVE THAT END WOULD BE FOR ME TO UNDERTAKE NEGOTIATIONS WITH DR. CHANDRA COOREY, SECRETARY, MINISTER OF FINANCE, WITH THE UNDERSTANDING THAT I WOULD BE FREE TO CALL UPON YOU WHEN I THOUGHT NECESSARY. THOSE MEETINGS WITH MR. COOREY HAVE PROCEEDED ON A REGULAR BASIS.

ON JUNE 6 YOU AND I DISCUSSED THE CURRENT NEGOTIATING SITUATION, AND FURTHER PROGRESS WAS MADE, AND WE AGREED TO SEEK TO REACH AGREEMENT IN LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 COLOMB 01667 210400Z

PRINCIPLE THIS MONTH SO THAT A SETTLEMENT COULD GO

INTO EFFECT ON JULY 1, 1974.

I AM VERY PLEASED TO REPORT THAT, AFTER FURTHER MEETINGS WITH MR. COOREY, WE HAVE ARRIVED AT AN UNDERSTANDING ON THE OUTSTANDING ISSUES.

THE UNITED STATES PROPOSES A COMPROMISE FORMULA, AS FOLLOWS:

--LOANS ICAX-1 AND ICAX-2 WILL BE REPAYED

AT THE OFFICIAL RATE AND LAON ICAX-3 AT THE FEEC RATE;

(ALTERNATIVELY, ICAX-1 AND ICAX-2 AT FEEC AND LOAN ICAX-3

AT OFFICIAL, DEPENDING ON GSL PREFERENCE);

--ARREARAGES TO JULY 1, 1974 ON ALL THREE ICA LOANS WILL BE COMPUTED AT THE OFFICIAL RATE;

--ALL ARREARAGES ON ALL ICA AND DLF LOANS

WILL BE REPAYED OVER A FOUR-YEAR INTERVAL, ON THE DATE THAT REGULAR LONA PAYMENTS FALL DUE, BEGINNING JULY 1, 1974 AT THE

APPLICABLE RATE OF EXCHANGE PREVAILING ON THE DATE OF REPAYMENT;

--INTEREST RATES ON THE ARREARAGES WILL BE THE SAME AS THOSE SPECIFIED IN THE ORIGINAL LOANS.

IF YOU ARE IN AGREEMENT WITH THIS PROPOSAL, I SHOULD

APPRECIATE YOUR SO CONFIRMING BY LETTER, WHICH

WITH MY LETTER WOULD CONSTITUTE AN EXCHANGE OF AGREEMENTS

IN PRINCIPAL THAT WOULD PERMIT THE SETTLEMENT TO GO

INTO EFFECT ON JULY 1. ANY FORMAL LEGAL DOCUMENTATION,

AS REQUIRED, COULD BE DRAWN UP SUBSEQUENTLY.

I AM GRATIFIED THAT WE HAVE BEEN ABLE

TO WORK OUT A REASONABLE AND EQUITABLE ARRANGEMENT AND

SO RESOLVE WHAT YOU AND I NOTED ON JUNE 6 WAS THE ONLY

OUTSTANDING BILATERAL PROBLEM BETWEEN OUR TWO GOVERNMENTS AND

AN ISSUE OF CONTENTION FOR MORE THAN FIVE YEARS. THE

RESOLUTION OF THIS VEXING ISSUE IS A FURTHER REFLECTION

OF THE GOOD RELATIONS EXISTING BETWEEN OUR TWO COUNTRIES.

END PROPOSED TEXT.

3. REQUEST DEPARTMENT'S CONCURRENCE OR REVISIONS BY
OPENING OF BUSINESS COLOMBO TIME TUESDAY, JUNE 25.

VAN HOLLEN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN ASSISTANCE AGREEMENTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974COLOMB01667
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740195-0625
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740629/aaaaayvj.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AID
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: COLOMBO 1666
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 19 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 AUG 2002 by boyleja>; APPROVED <21 FEB 2003 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MOV NEGOTIATIONS: PROPOSED LETTER TO FINANCE MINISTER NEW DELHI FOR O'DONNELL (AID)
TAGS: EAID, CE, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005